

Message Text

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61

ACTION NEA-13

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 SAM-01 AID-20 EB-11 CIEP-02 TRSE-00 STR-08

OMB-01 CEA-02 FEA-02 INT-08 COME-00 SCI-06 IO-14 AF-10

EUR-25 DRC-01 /202 W

----- 044478

R 151117Z FEB 74

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 541

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

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EO 11652: N/A

TAGS: ENRG, CE, XF

SUBJ: ARAB AMBASSADORS SPEAK ON OIL

DEPT PASS CAIRO

1. DURING WEEK OF FEB 4 UAR AMB MOHAMED ATEF EL NAWAWI AND IRAQI AMB BASHIR ISMAEL AL-TALIB SPOKE TOGETHER BEFORE CEYLONese FOREIGN AFFAIRS STUDY GROUP ON POLITICAL AND ECONOMIC ASPECTS OF CURRENT OIL SITUATION. UAR AMB SPOKE ALONE TO COLOMBO ROTARY CLUB ON SAME SUBJECT. PRESENTATIONS WERE MADE UNDER RUBRIC "OIL AS A WEAPON FOR PEACE" AND HAD BEEN SCHEDULED FOR ABOUT JAN 8. OIL CRISIS STRUCK HARD THAT DATE, HOWEVER, WHEN GSL MORE THAN DOUBLED DOMESTIC PRICES OF PETROLEUM PRODUCTS, AND TWO AMBASSADORS APPARENTLY THOUGHT IT WISER TO POSTPONE.

2. UAR AMB HANDLED POLITICAL ASPECTS. MAIN POINT WAS THAT CIRCUMSTANCES BEYOND ARABS' CONTROL, THAT IS, WESTERN SUPPORT

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OF ISREAL, FORCED IMPOSITION OF EMBARGOES. OIL PRICES RISES

WERE OPEC, NOT ARAB, DECISION. UAR AMBASSADOR'S PRESENTATION APPEARED TO COME FROM LONG, CANNED SPEECH WHICH HE MERCIFULLY EDITED HEAVILY. BEFORE ROTARY CLUB HE BROUGHT PRESENTATION UP TO DATE BY RESPONDING SWIFTLY TO SECRETARY KISSINGER'S RECENT MENTION OF BLACKMAIL, PROTESTING WITH LEGALISTIC INTERPRETATION THAT BLACKMAIL WAS PATENTLY CRIMINAL ACT, WHEREAS ARABS' OIL POLICY WAS FORTHRIGHT AND PUBLIC ACTION IN ARABS' INTERESTS.

3. IRAQI AMB OUTLINED ARABS' ECONOMIC REASONING, SAYING THAT WESTERN OIL COMPANIES HAD MADE EXCESSIVE PROFITS IN PAST ON ARAB OIL AND THAT ARAB COUNTRIES HAD BEEN SELLING OIL AT PRICES BELOW ITS INDUSTRIAL VALUE. IN ROTARY CLUB SESSION, UAR AMB RESPONDED TO QUESTION FROM AUDIENCE ON WHAT ARABS COULD DO FOR SRI LANKA WITH THREE POINTS: (A) QUANTITY NO PROBLEM; (B) PRICE SITUATION WAS UNRESOLVED AND DIFFICULT; AND (C) SOME VAGUE SPECIES OF "DEVELOPMENT BANK" MIGHT EVOLVE.

4. PRESS REPORTING AND COMMENT HAVE BEEN LIMITED. FEB 10 CEYLON SUNDAY OBSERVER BEGAN SERIALIZATION OF UAR PRESENTATION, WHILE IRAQI EMBASSY ISSUED FLYERS SUMMARIZING IRAQI POSITION. FEB 8 DAILY MIRROR EDITORIAL SAID THAT AFTER 1967 WAR SRI LANKA "WITH ALMOST CAVALIER DISREGARD FOR CONSEQUENCES SEVERED DIPLOMATIC RELATIONS WITH ISRAEL" BUT THAT "ARAB WORLD IN TOTALLY MONOPOLISTIC EXERCISE SENT UP WORLD PRICES, THUMPING SRI LANKA'S ECONOMY AS HARD AS OTHERS -- AND WORSE -- HER FEELINGS EVEN HARDER." EDITORIAL ADDED IRAQI AMB HAD GIVEN SOME HOPE, HOWEVER, BY STATING ARAB COUNTRIES ARE "CONSIDERING EXTENDING ASSISTANCE TO FRIENDLY COUNTRIES IN MATTER OF OIL PRICES."

5. COMMENT: DECIDEDLY MIXED CEYLONESE PUBLIC AND OFFICIAL ATTITUDES TOWARD ARAB OIL POLICY HAVE DOUBTLESS BEEN LITTLE CHANGED BY RATHER PREFUNCTORY ARAB PERFORMANCE. IT IS GENERAL UNDERSTANDING THAT GSL HAS MADE NO REAL PROGRESS ON EXTRACTING PRICE CONCESSIONS FROM ARABS. RECENT PRESS ACCOUNTS, HOWEVER CONFIRM REPORTS WE HAVE HAD THAT GSL IS ACTIVELY PURSUING INCREASED SALES TO ARABS, ESPECIALLY OF TEA, AND IS APPARENTLY RECEIVING SOME POSITIVE RESPONSE. NEVERTHELESS, CEYLONESE SYMPATHY WITH ARAB POLITICAL CAUSE IS BEING DILUTED BY MASSIVE BURDEN ARAB OIL POLICY HAS ADDED TO COUNTRY'S ALREADY LIMITED OFFICIAL USE

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TERRIBLY STRAINED ECONOMY.
VAN HOLLEN

NOTE BY OC/T: NOT PASSED CAIRO.

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Message Attributes

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